

## **Fair Political Practices Commission**

### **Memorandum**

**To:** Chairman Randolph, Commissioners Blair, Downey, Huguenin, and Remy

**From:** Ash Roughani, Legislative Intern  
Whitney Barazoto, Legislative and Communications Coordinator  
Mark Krausse, Executive Director

**Subject:** Legislative Report

**Date:** June 27, 2006

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The Legislature will be on recess from July 7 through August 7, after which it will resume its business until August 31, the final day of the 2005-06 session.

Four bills are listed as action items below. The first two bills have been amended in such a way that staff recommends that the Commission now change its position on the bill. The second two bills have been amended to add new provisions that the Commission may want to consider. While staff have no recommended position on these bills, they are listed here in order to allow the Commission the opportunity to review the bills with the ability to take action given that the July 12 Commission meeting is the last scheduled meeting prior to the end of the 2005-06 legislative session.

### **ACTION ITEMS**

#### **Changes in Commission Positions**

**AB 709      Wolk      Candidate-controlled ballot measure committees      A-06/28/05**

Imposes a \$5,600 limit on contributions to ballot measure committees controlled by elective state office candidates. Primarily formed ballot measure committees would be subject to the post-election fundraising restrictions in the Act. The bill aggregates contributions to multiple ballot measure committees in support of, or in opposition to, the same ballot measure that are controlled by the same state candidate. It would also require the Secretary of State to submit the bill's provisions to the voters at the November 7, 2006 election. Because of the latter provision, staff recommends the Commission change its position from "support" to "no position."

**Status: Passed Assembly, now in Senate Elections Committee**

**Prior Position: Support**

**Recommended Position: No position**

**AB 1391      Leno      Campaign disclosure: general purpose committees      A-06/26/06**

This bill adds additional layers of Statement of Economic Interests income disclosure to include categories from \$100,000 to \$2 million. The bill also expands upon the existing prohibition against personal use of campaign funds. The author has deleted the Commission-sponsored sections; therefore, staff recommends removing the Commission's support position.

**Status: Passed Assembly, now in Senate Elections Committee**

**Prior Position: Sponsor sections 2 and 3, support section 1 if amended**

**Recommended Position: No position**

## Newly Amended Bills

### **AB 281      Liu      Political Reform Act of 1974: campaign funds      A-06/22/06**

This bill requires that when a candidate transfers funds from one campaign committee to another, and the first committee had a higher contribution limit, any remaining funds not eligible for transfer under the new contribution limit of the committee receiving the funds must be returned to the contributor(s).

**Status: Passed Assembly, now in Senate Rules Committee**

**Recommended Position: No position**

### **AB 2275      Umberg      Political Reform Act of 1974: campaign expenditures      A-06/15/06**

This bill requires candidates, committees, and slate mailer organizations that use campaign funds to make 1,000 or more phone calls in support or opposition of candidates or ballot measures to disclose the name of the organization that authorized or paid for the call, unless the calls are personally made by the candidate, campaign manager, or volunteers. The bill also requires organizations to keep a script or a copy of the recorded phone call for a period of time per Section 18401 of the California Code of Regulations. The bill also prohibits committees from contracting with phone bank vendors who do not conform to these disclosure requirements.

**Status: Passed Assembly, now in Senate Elections Committee**

**Recommended Position: No position**

## **INFORMATIONAL ITEMS**

<b>Bills Amending the Political Reform Act</b>			
Bill No.	Author	Title	Introduced/Amended

### **AB 583      Hancock      California Clean Money and Fair Elections Act of 2005      A-05/11/06**

This bill would enact the California Clean Money and Fair Elections Act of 2006, which establishes a voluntary system of public financing of political campaigns for all statewide elective offices and submits these provisions for voter approval on the June 3, 2008 primary election ballot. If passed by the voters, the "Clean Money Act" would authorize eligible participating candidates to obtain public funds to finance virtually all campaign activities. To be eligible for public financing, the candidate must be able to demonstrate support by collecting numerous small contributions. Candidates for statewide elective office who do not participate in the Clean Money Fund program would continue to be subject to existing contribution limits. The Fair Political Practices Commission would have primary responsibility for administering the provisions of the bill. AB 583 would create the Clean Money Fund, and commencing on July 1, 2008, would transfer an amount per California adult resident, from the General Fund to the Clean Money Fund to finance the program. Funding for the administrative and enforcement costs of the program would be subject to appropriation by the Legislature.

**Status: Passed Assembly, now in Senate Elections Committee**

**Position: None taken**

### **AB 1558      Wolk      Pilot project: financial interests in public contracts      A-06/15/06**

This Commission-sponsored bill would initiate a pilot project to allow the Commission to issue opinions related to Government Code section 1090 questions. The bill was recently amended to clarify the effect of Commission opinions.

**Status: Passed Assembly, now in Senate Appropriations Committee**

**Position: Sponsor**

**AB 1759      Umberg      Campaign Expenditures Disclosures      A-01/19/06**

This bill would require committees other than primarily formed committees to disclose contributions or independent expenditures totaling \$5,000 or more to support or oppose the qualification or passage of a single state ballot measure within 10 business days of making the contribution or independent expenditure. The contents of this bill are almost identical to AB 938 (Umberg), which passed both houses and was vetoed by the Governor. However, AB 1759 appears to address the Governor's veto message by lowering the threshold of \$10,000 (as it appeared in AB 938) to \$5,000 as it currently reads in AB 1759.

**Status: Passed Assembly, now on Senate Floor**

**Position: None taken**

**AB 2112      Karnette      Political Reform Act of 1974: civil actions      A-06/26/06**

This Commission-sponsored bill would limit the number of 120-day demands that may be filed by an individual or group to 20 within a 12-month period and would authorize a court to permit additional filings under specified circumstances. This bill would also specify that a civil action by the individual or group is prohibited if the Commission issues an administrative order or publishes a declaration of no violation. It would require that the individual or group notify the respondent when a demand is made. The bill would also require that a court consider Commission rules and regulations in determining a judgment amount in cases brought under the civil action provisions. (The Senate Judiciary Committee amended the limit from 10 demands in a 12-month period to 20 within a 12-month period.)

**Status: Passed Assembly, now in Senate Appropriations Committee**

**Position: Sponsor**

**AB 2363      Nation      Political Reform Act of 1974: campaign statements      I-02/23/06**

Existing law requires that campaign statements be filed with the Secretary of State in the form of an original and one copy of the statement. This bill would eliminate the "and one copy" requirement. This may be the vehicle for the Secretary of State to implement its Task Force recommendations.

**Status: Passed Assembly, now in Senate Elections Committee**

**Position: None taken**

**AB 2771      Leno      Political Reform Act of 1974: electronic filing      A-06/26/06**

This bill would make findings and declarations of the Legislature regarding the failure of the Secretary of State to provide free online or electronic filing for entities required to file online or electronically by the Political Reform Act. The bill would delete the current limitation on the Secretary of State's ability to provide additional or enhanced functions or services for free online or electronic filing. The bill would also delay the online or electronic filing requirements for certain general purpose committees and slate mailer organizations with cumulative contributions and expenditures less than \$50,000 over 3 years, and no more than \$20,000 each year since the formation of the slate mailer organization, until January 1, 2010, or until the first filing due more than 6 months after the Fair Political Practices Commission has certified that the free online filing processes developed by the Secretary of State are sufficiently simple to access and use.

**Status: Passed Assembly, now in Senate Elections Committee**

**Position: Support**

**AB 2801      Saldaña      Political Reform Act of 1974: collection of fines      A-06/21/06**

This Commission-sponsored bill creates an expedited procedure to obtain a judgment to collect unpaid fines imposed by the Commission. The Commission would obtain a judgment by application to the clerk

of the court with a copy of the Commission's order attached. Recent amendments require the Commission to provide the clerk of the court with the proof of service on the respondent in addition to the Commission's order.

**Status:** Passed Assembly, now in Senate Elections Committee

**Position:** Sponsor

**AB 2902      Nuñez      Prisons Construction: lease revenue bond financing      A-05/26/06**

This bill was "gutted and amended" and no longer affects the PRA or the Commission.

**Status:** Passed Assembly, now in Senate Public Safety Committee

**Position:** None taken

**AB 2974      Wolk      Political Reform Act of 1974: lobbying communications      A-03/30/06**

This bill would add to the lobbying disclosure required in quarterly reports a separate accounting of payments of over \$1,000 made to another firm or person for purposes of influencing legislative or administrative action or communicating with any elective state official, legislative official, or agency official.

**Status:** Passed Assembly, now in Senate Elections Committee

**Position:** None taken

**ABX1 8      Umberg      Initiatives: Ballot pamphlets      I-07/12/2005**

This bill would require the cover of the ballot pamphlet for any statewide special election called by the Governor on a redistricting initiative measure to include an estimate by the Legislative Analyst's Office of the costs to the state and local governments to conduct the special election.

**Status:** Introduced in Assembly (First Extraordinary Session)

**Position:** None taken

**SB 11      Bowen      Contributions: voting equipment manufacturers/vendors      A-06/02/05**

This bill prohibits a candidate for elective state or local office from accepting any contributions from a manufacturer or vendor of voting equipment or systems. This bill also amends the Elections Code to declare that the Secretary of State cannot serve as an officer of a political party or partisan organization, or support or oppose any candidate or ballot measure.

**Status:** Passed Senate, now in Assembly Elections Committee

**Position:** Oppose unless amended

**SB 145      Murray      Political Reform Act of 1974: Contributions      A-03/14/05**

This bill would authorize an elected state officer to accept contributions after the date of the election to the office presently held for the purpose of paying expenses associated with holding office or for any other purpose authorized by the Political Reform Act of 1974, subject to certain limitations. The bill would set limits on the amount of contributions that may be made to an elected state officer in a calendar year and on the aggregate amount of contributions that a state officer may receive in a calendar year.

**Status:** Passed Senate, now in Assembly Appropriations Committee

**Position:** Neutral

**SB 784      Committee      Campaign contributions      A-05/17/05**

This bill extends the reporting threshold and deadline for payments for legislative, governmental, or charitable purposes made "at the behest of" an elected official from \$5,000 to \$7,000 and from 30 days to 90 days, respectively. It also specifies that such a payment made in response to a press release, interview,

or other media-related communication from an elected official is not required to be reported. In addition, it adds that an elected official is required to report such a payment only if he or she knows, or has reason to know, that a payment was made at his or her behest.

**Status: Passed Senate, now in Assembly (Inactive File)**

**Position: Neutral**

**SB 1354      Dunn      Political Reform Act of 1974: corporate contributions      A-04/25/06**

This bill would require a corporation that directly or indirectly makes political contributions or expenditures to report those contributions or expenditures to shareholders and to refund to objecting shareholders or to charity a pro rata share of those contributions or expenditures, based on the shareholders' proportionate ownership interests. It would require corporations to maintain records of the reports on these political contributions or expenditures for five years, and make them available to the Commission on request.

**Status: Passed Senate, failed to pass Assembly Banking and Finance Committee**

**Position: None taken**

**SB 1579      Committee      Political Reform Act of 1974: disclosures      I-02/23/06**

This Commission-sponsored bill would delete an obsolete cross-reference to a section that was repealed in 2000.

**Status: Passed Senate, now in Assembly Elections Committee**

**Position: Sponsor**

**SB 1693      Murray      Political Reform Act of 1974: donors      I-02/24/06**

This Commission-sponsored bill would increase the major donor reporting threshold, from \$10,000 to \$30,000. It would also increase the threshold for major donor notification from \$5,000 to \$15,000.

**Status: Passed Senate, now in Assembly Appropriations Committee**

**Position: Sponsor**

## Bills Not Amending the Political Reform Act

Bill No.	Author	Title	Introduced/Amended
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**AB 1568      Torrico      County employees: retirement boards      A-05/31/06**

This bill would prohibit a member or employee of a retirement board, established pursuant to the County Employees Retirement Law of 1937, from selling or providing any investment product, which would be considered an asset of the fund, to the retirement system. It requires these boards to provide ethics trainings to all members of that board. If curricula are developed by the board, then it must consult with the Fair Political Practices Commission and the Attorney General regarding the sufficiency and accuracy of the proposed content. (This consultation provision is similar to that in AB 1234, which was chaptered in 2005.)

**Status: Passed Assembly, now in Senate Appropriations Committee**

**Position: None taken**

**AB 2574      Nuñez      Fair Political Practices Commission: report      I-02/23/06**

This bill would require the Commission to review the lobbying provisions of the Political Reform Act and make recommendations to the Assembly and Senate Elections Committees by December 31, 2007, as to whether changes should be made to those provisions to better serve the purposes of the Act.

**Status: Passed Assembly, now in Senate Appropriations Committee**

**Position: None taken**

**SB 1760 Bowen Electronic Voting Systems**

**A-04/25/06**

This bill was “gutted and amended” and no longer affects the PRA or the Commission.

**Status: Passed Senate, now in Assembly Appropriations Committee**

**Position: None**

**SCA 13 Ortiz Biomedical research**

**A-06/08/05**

The California Stem Cell Research and Cures Act (Proposition 71) established the California Institute for Regenerative Sciences and the Independent Citizens Oversight Committee to perform various oversight functions with regard to the Institute. Members of the ICOC are required to file statements of economic interest with the FPPC. This constitutional amendment would require that the president and each employee of the Institute disclose various economic interests and file with the FPPC. It further requires that a member of any working or advisory group appointed to assist the institute or its governing body disclose his or her income and investments in any entity that has sought funding from the institute or that is engaged in biomedical research.

**Status: On Senate Floor (Inactive File)**

**Position: None taken**

**SCA 17 Speier State officers: outside income**

**A-08/15/05**

This bill would amend the California Constitution to prohibit a state officer from providing services under contract or otherwise accepting employment, other than performing the duties of his or her state office for compensation from the state, in exchange for compensation or other valuable consideration to that state officer or to any other party or entity.

**Status: Introduced in Senate**

**Position: None taken**

## **Bills No Longer Moving Forward (without a rule waiver, these bills are dead)**

Bill No.	Author	Title	Introduced/Amended
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**AB 2219 Torrico Political Reform Act of 1974**

**A-04/25/06**

This bill would permit campaign committees to voluntarily collect the interest accrued by accounts regulated by the Political Reform Act and pay the collected amount to the State Treasury for appropriation to the Commission. These appropriated funds would be in addition to appropriations already specified in the Act for the Commission and could be expended only to carry out the parts of the Act that regulate electoral and campaign processes relating to ballot propositions.

**Status: Assembly Appropriations Committee**

**Position: None taken**

**AB 2269 Hancock Statewide initiative measures**

**I-02/22/06**

This bill would establish a process for amending a qualified initiative measure and require that a notice be placed at the top of each statewide ballot initiative petition to state that the proponent may amend the measure at a later time. The bill also requires the Attorney General to identify and place notice on measures that conflict with each other, and it requires the Secretary of State to group these measures together in the same part of the ballot.

**Status: Assembly Elections Committee**

**Position: None taken**

**AB 2432      Montañez      Public officials: financial reporting duties      I-02/23/06**

This bill would add additional layers of Statement of Economic Interests disclosure categories for reporting income and investments or interests in real property. The new categories range from \$50,000 to \$10 million or more. Contents of the bill may be amended into AB 1391.

**Status: Assembly Elections Committee**

**Position: None taken**

**AB 2627      Koretz      Political Reform Act of 1974: conflict of interest code      A-05/09/06**

This bill would designate the county board of education instead of the county board of supervisors as the conflict of interest code reviewing body for a school district in a multi-district county, a county office of education, a regional occupational center or program, or a school-related joint power authority located wholly within a single county. It would also designate the Superintendent of Public Instruction as the code reviewing body for a county board of education, a county office of education of a county with only a single school district, or a school district of a county with only a single school district. The bill would also designate the Board of Governors of the California Community Colleges as the code reviewing body for all community college districts.

**Status: Assembly Appropriations Committee**

**Position: None taken**

**AB 2688      McCarthy      Political Reform Act of 1974: committees      I-02/24/06**

This bill makes technical, nonsubstantive changes to the provision that defines the term "committee." (Spot bill.)

**Status: Introduced in Assembly**

**Position: None taken**

**AB 2689      McCarthy      Political Reform Act of 1974: committees      I-02/24/06**

This bill makes technical, non-substantive changes to the provision that defines the term "committee." (Spot bill.)

**Status: Introduced in Assembly**

**Position: None taken**

**AB 2964      Levine      Political Reform Act of 1974: independent expenditure      I-02/24/06**

This bill would require that a late expenditure be reported within 12 hours rather than the currently required 24-hour time period.

**Status: Assembly Elections Committee**

**Position: None taken**

**SB 1120      Ortiz      Fair Political Practices Commission: funding      A-04/17/06**

This bill would increase Commission funding to an annual appropriation of \$9,000,000, which would be adjusted annually for cost-of-living and workload changes. It would also specify that if a provision of the Political Reform Act is successfully challenged, any attorney's fees and costs shall be paid from the General Fund and the Commission's budget shall not be reduced accordingly. If passed, the bill would take effect on July 1, 2007. This bill was referred by the Senate Elections Committee to the Senate Rules Committee and appears to be dead.

**Status: Senate Rules Committee**

**Position: Sponsor**

**SB 1265      Alquist      Political Reform Act of 1974: income disclosure, filing      A-03/13/06**

This bill would add layers of Statement of Economic Interests disclosure categories for reporting income to a business entity. The new categories range from \$10,000 to \$1 million or more. It would also require candidates for and incumbents of elective state offices to file online or electronically as required by the Commission. The bill provides that the Commission shall develop the process for free online or electronic filing by December 31, 2007.

**Status: Senate Elections Committee**

**Position: Support if amended**

**SB 1413      Battin      Political Reform Act of 1974: committees      I-02/22/06**

This bill makes technical, non-substantive changes to the provision that defines the term "committee." (Spot bill.)

**Status: Senate Rules Committee**

**Position: None taken**

**SB 1459      Simitian      Political Reform Act of 1974: Insurance Commissioner      A-03/28/2006**

This bill would enact the Insurance Commissioner Election Accountability Act of 2006, which would authorize eligible Insurance Commissioner candidates to obtain public financing from a fund made up of fees collected from insurers, reimbursements, and interest, provided that certain thresholds of public support are shown. The bill would impose responsibility for its administration on the Fair Political Practices Commission and provide specified penalties for violations of its provisions. This bill would require the Secretary of State to submit the provisions of this bill that amend the Political Reform Act to the voters for approval at the June 3, 2008, statewide primary election.

**Status: Senate Banking Committee and Senate Elections Committee**

**Position: None taken**

**SB 1757      Ortiz      FPPC investigators: powers of arrest      A-04/18/2006**

This bill was amended to direct the FPPC to request a study by the Commission on Peace Officer Standards and Training regarding designating investigators employed by the FPPC as peace officers who would not be authorized to carry firearms. The bill appropriates \$15,000 from the General Fund to the FPPC for the purpose of paying for this study.

**Status: Senate Public Safety Committee**

**Position: None taken**